

BAWAG P.S.K. announces successful equity capital raise of EUR 200 million cash**Equity capital raise from current shareholders and investors further strengthens BAWAG P.S.K.'s capital position and supports successful execution of its business strategy and retail growth initiatives.**

BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft ("BAWAG P.S.K.") announces a capital raise of EUR 200 million in the form of a cash common equity offering subscribed by shareholders and investors of the BAWAG P.S.K. group.

At the same time, shareholders and investors in the BAWAG P.S.K. holding companies undertook to streamline and simplify the Bank's capital structure at holding levels in order to add further stability to the Bank's core capital structure and to fully comply with forthcoming regulatory requirements under Basel III.

This investment is a strong sign of the continued financial commitment of the stakeholders and demonstrates substantial confidence in the bank's ability to drive strong profitability as it executes its business plan. The additional common equity capital will further enhance the bank's ability to serve its commercial and retail customers with superior products and services despite the current challenging market environment. In addition, the capital serves as additional long term support as the bank executes its plan to become Austria's leading multi-channel retail bank through the most modern branch system in the country as well as leading e-commerce and direct outlets.

Cerberus Capital Management, L.P. and its affiliates ("Cerberus"), will remain the controlling shareholder with a share of approximately 52%. Cerberus has both underwritten the capital raise and is providing the largest share of the new cash equity to the bank. Additionally, GoldenTree Asset Management LP and its affiliates ("GoldenTree"), a U.S.-based asset management company, has also underwritten and is participating in the capital raise, and will become a significant minority shareholder with a share of approximately 39%.

Both the capital injection and the Basel III compliant holding structure build on BAWAG P.S.K.'s already strong capital position as it enters 2013. BAWAG P.S.K.'s Core Equity Tier 1 ratio (Tier I core capital excluding hybrid capital as per EBA definition), based on expected year-end 2012 figures including the capital raise would be approximately 10.3% (31.12.2011: 7.8%). The capital raise will also serve as replacement capital for the tier 1 hybrid buyback that BAWAG P.S.K. had completed in March 2012.

As part of this transaction, BAWAG P.S.K. will also simplify its group ownership structure, which will improve capital efficiency at credit institutions group level in light of the pending introduction of Basel III.

Press release

Vienna, December 28th, 2012

The Austrian co-investors including Österreichische Post AG, Generali Holding Vienna AG and Wüstenrot Verwaltungs- und Dienstleistungen GmbH will continue to have an indirect stake in BAWAG P.S.K.

In the BAWAG P.S.K. supervisory board, Cerberus will appoint six directors including the chairman, whilst GoldenTree and the Austrian Post will each have one representative. In addition, four supervisory board members will be delegated by the Works Council.

On the basis of its strong capital base and as part of the agreements with the Republic of Austria regarding the capital measures BAWAG P.S.K. takes the opportunity – subject to regulatory approvals – to redeem in a first step participation capital to the Republic of Austria in a nominal value of EUR 50 million until June 30, 2013.

Byron Haynes, CEO of BAWAG P.S.K., commented: "As a result of these transactions, BAWAG P.S.K. will become one of the strongest capitalised banks in Austria. The bank is very well positioned in 2013 to further increase lending to our key customers and fulfil our fundamental objectives to provide leading products and services to retail and corporate customers across Austria."

Cees Maas, Chairman of the Supervisory Board of BAWAG P.S.K. said: "The capital actions demonstrate the material continuing support of the stakeholders of BAWAG P.S.K. by providing substantial new common capital and other steps which enhance both the bank and overall group position in anticipation of Basel III and the execution of strategic initiatives."

Leonard Tessler, Senior Managing Director, Cerberus, said: "Cerberus is pleased to continue its long- term commitment to BAWAG P.S.K., which is further demonstrated with this latest equity investment in the bank. We are confident that the bank's capital position and business plan will ensure the long term success in serving its customers and all constituents."

Steven Tananbaum, Managing Partner and Chief Investment Officer of GoldenTree, commented: "We are excited to be part of this recapitalization that places BAWAG P.S.K. in an even stronger position to execute on its business plan and create long term value. We look forward to working with Cerberus, whom we know well and highly regard."

The transaction is expected to formally close on December 31, 2012 and has received all necessary regulatory approvals.

Citigroup Global Markets Limited advised BAWAG P.S.K. and BAWAG P.S.K. Investor Holdings Ltd. Lazard & Co, Limited advised GoldenTree and other investors. Schulte Roth & Zabel LLP, Freshfields and Wolf Theiss advised Cerberus. Cleary Gottlieb and Dorda Brugger Jordis advised GoldenTree and other investors.

About BAWAG P.S.K.:

BAWAG P.S.K. is a full service financial service institution which combines a market leading Austrian retail banking franchise with a well-diversified Austrian and International commercial lending business. BAWAG P.S.K.'s principles rely on providing "Intuitive Banking" to its clients with products and services which are transparent and understandable. The bank's business activities are focused on Austria, with additional activities in selected international markets. The Bank has been owned by a consortium led by Cerberus Capital Management, L.P., since 2007. The bank has a traditionally strong position in the retail market with 1.5 million customers.

About Cerberus Capital Management L.P.:

Established in 1992, Cerberus Capital Management, L.P. is one of the world's leading private investment firms. Cerberus has more than US \$20 billion under management invested in four primary strategies: distressed securities & assets; control and non-control private equity; commercial mid-market lending and real estate-related investments. From its headquarters in New York City and large network of affiliate and advisory offices in the US, Europe and Asia, Cerberus has the on-the-ground presence to invest in multiple sectors, through multiple investment strategies in countries around the world.

About GoldenTree:

GoldenTree was established in 2000 by Steven Tananbaum, the firm's Managing Partner and Chief Investment Officer. Today the firm is one of the largest independent asset managers with approximately \$17 billion of assets under management focused on credit, managing a variety of absolute return and long only strategies. Currently, GoldenTree has 24 partners and 185 employees, including a 42 member investment team that operates out of offices in New York and London and sources investments throughout developed markets.

Further inquiries:
BAWAG P.S.K. group press office
Tel. 0043 (0) 5 99 05 – 31210,
E-Mail: presse@bawagpsk.com

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<http://www.bawagpsk.com>